26 August 2021

Market Announcements Platform
Australian Securities Exchange
(Via ASX Online)

PRELIMINARY FINAL RESULTS

In accordance with ASX Listing Rule 4.3A, Academies Australasia Group Limited (ASX: AKG) provides its Preliminary Final Report (Appendix 4E) for the year ended 30 June 2021 (FY21).

The loss from ordinary activities after tax in FY21 was $1.06 million. Eighty percent of this was the impact of the required adjustment of $844,000 to the deferred tax assets. This is because of the reduction in the rate of income tax as a result of revenue falling below $50 million.

The loss from ordinary activities before tax in FY21 was $164,000.

Stephanie Noble
Company Secretary

For further information *call Christopher Campbell on +61 2 9224 5555.*

Academies Australasia *has been operating for 113 years and listed on the Australian Securities Exchange for 43 years. The group comprises 18 separately licensed colleges operating in New South Wales, Queensland, South Australia, Victoria and Western Australia in Australia, and overseas in Singapore. The group offers a wide range of recognised courses at different levels – Certificate, Diploma, Advanced Diploma and Bachelor Degree. Over the years, Academies Australasia colleges have taught more than 100,000 students from 130 countries.*

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THE POSSIBILITIES ARE INFINITE

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APPENDIX 4E: PRELIMINARY FINAL REPORT

1. Company details

Name: Academies Australasia Group Limited
ABN: 93 000 003 725

Reporting Period:	Financial year ended 30 June 2021 (FY21)
Previous Period:	Financial year ended 30 June 2020 (FY20)

2. Results for announcement to the market

(Previous corresponding period numbers have been restated for a make good liability) (See item 3.2)

					$'000
2.1	Revenue from ordinary activities *(See item 4.1)*	down	23%	to	48,309
2.2	(Loss) / profit from ordinary activities before tax (*See item 4.4)*	down	5,296	to	(164)
2.3	(Loss) / profit from ordinary activities after tax (*See item 4.6*)	down	4,961	to	(1,060)
2.4	Net (loss) / profit for the period attributable to owners of the parent entity *(See item 4.11)*	down	4,845	to	(1,241)
2.5	Earnings before interest, tax, depreciation and amortisation (EBITDA) after adjustment for significant items (*See item 3.1*)	down	33%	to	9,646

3. Commentary

3.1 EBITDA after adjustment for significant items *($'000*)

Profit attributable to members of the parent entity	Reporting Period	Previous Period	
EBITDA	9,106	13,613	
Premises outgoings related to prior years	-	283	
Redundancies, termination and other one-off costs	540	46	
Income written off or refunded	-	510	
EBITDA after adjustment for significant items	9,646	14,452	**-33%**

['EBITDA' and 'significant item' are not terms prescribed by the Australian Accounting Standards ('AAS').]

3.2 Restatement for make good liability

In accordance with *AASB 16 – Leases*, lease liabilities were increased by $452,000 to accommodate estimated make good obligations for rental properties.

Expensed in FY21	63,000
Make good paid net of tax	(62,000)
Capitalised as a right of use asset, to be amortised over the life of the asset	108,000
Deferred tax assets	84,000
Deducted from retained earnings	259,000
Increase in lease liabilities	452,000

In FY21, following the contraction of business because of the COVID-19 pandemic, the Company consolidated certain operations to reduce costs, including rent. Make good obligations were crystalized – the exercise strengthening the forecast of make good estimates for those remaining rented properties where make good applies. The impact on the loss after tax for FY21 was $63,000.

3.3 Income tax expense

COVID-19 brought revenue down below $50 million, taking the Company to a reduced income tax rate of 26% for FY21 and to 25% for FY22. This required a negative adjustment of $844,000 to the deferred tax assets – accounting for 80% of the loss after tax. (*See item 4.15*).

3.4 COVID-19 Pandemic

The pandemic continues to be disruptive to our business as well as our staff and associates, in Australia and overseas. It is the cause of the 29% fall (17.07 million) in service revenue compared to FY20 or 35% fall ($23.43 million) in service revenue compared to FY19.

Most of our business is to do with international students: students from overseas studying with us in Australia as well as students being taught overseas under our brand. It is now 17 months since Australia's borders were shut on 20 March last year. Closed borders prevent new enrolments from overseas and our staff travelling to overseas projects and international marketing. While we have been able to attract some international students already in Australia the numbers are not large and the numbers are shrinking.

Domestic training programs have also been badly affected by COVID-19. Generally, the overall slowdown in business, the fear of infection, the restrictions on people movement and, worst of all the severe lockdowns and even curfews, have reduced our income from domestic business.

Most of the *'Redundancies, terminations and other once-off costs'* in 3.1 are because of COVID-19. Presently more than three quarters of our staff in Australia are in lockdown.

We continue with delivering courses on-line, and adopting COVID-safe plans to protect staff, students and visitors.

We see the possibility that eighty percent of Australians above the age of 16 will be vaccinated by November, following which it is likely that the borders will be open for the gradual entry of fully vaccinated international students

$'000

4. Condensed consolidated income statement

		Reporting Period	Previous Period Restated
4.1	Revenue from ordinary activities *(See items 4.12 and 4.13)*	48,309	62,638
4.2	Expenses from ordinary activities (*See item 4.14)*	(46,712)	(55,788)
4.3	Finance costs	(1,761)	(1,718)
4.4	**(Loss) / profit from ordinary activities before tax**	(164)	5,132
4.5	Income tax expense on ordinary activities	(896)	(1,231)
4.6	**(Loss) / profit from ordinary activities after tax**	(1,060)	3,901
4.7	**Other comprehensive income**		
4.8	Exchange differences on translating foreign controlled entities	(1)	(48)
4.9	**Total comprehensive income**	(1,061)	3,853
4.10	**Profit attributable to non-controlling interest**	181	297
4.11	**(Loss) / profit attributable to members of the parent entity**	(1,241)	3,604
4.12	Revenue from services	42,624	59,694
4.13	Other revenue		
	- Rental income	-	18
	- Government assistance	5,421	2,456
	- Rental assistance	223	347
	- Interest	41	123
4.14	Details of expenses		
	- Depreciation, amortisation and loss on disposal of assets	7,550	6,886
	- Student acquisition and teaching costs	19,448	27,408
	- Personnel expenses	13,498	14,173
	- Premises expenses	3,327	3,784
	- Other administration expenses	2,349	3,142
	- Restructure and non-recurring costs	540	395

4.15 Income tax expense in 4.5 includes a $844,000 reduction in deferred tax assets.

$'000

		Reporting Period	Previous Period Restated
5.	**Condensed consolidated balance sheet**		
	Current assets		
5.1	Cash	12,371	16,904
5.2	Receivables	2,373	3,700
5.3	Other		
	- Prepayments	1,308	1,498
	- Other	692	1,050
5.4	**Total current assets**	**16,744**	**23,152**
	Non-current assets		
5.5	Plant and equipment	4,337	5,457
5.6	Right of use assets	28,584	35,753
5.7	Deferred tax assets	4,520	5,145
5.8	Intangibles	32,844	32,813
5.9	**Total non-current assets**	**70,285**	**79,168**
5.10	**Total assets**	**87,029**	**102,320**
	Current liabilities		
5.11	Tuition fees in advance (deferred income)	12,919	17,431
5.12	Trade and other payables	3,971	5,012
5.13	Current tax payable	-	-
5.14	Short-term lease liabilities	5,584	5,484
5.15	Short-term provisions	3,317	2,865
5.16	**Total current liabilities**	**25,791**	**30,792**
	Non-current liabilities		
5.17	Long-term lease liabilities	31,149	37,711
5.18	Long-term provisions	371	474
5.19	**Total non-current liabilities**	**31,520**	**38,185**
5.20	**Total liabilities**	**57,311**	**68,977**
5.21	**Net assets**	**29,718**	**33,343**
	Equity		
5.22	Share capital	42,066	42,066
5.23	Retained profits (accumulated losses)	(13,003)	(9,382)
5.24	Foreign currency translation reserve	69	70
5.25	Non-Controlling Interest	586	589
5.26	**Total equity**	**29,718**	**33,343**

$'000

6. Condensed consolidated cash flow statement

		Reporting Period	Previous Period Restated
	Cash flows from operating activities		
6.1	Receipts from customers	45,230	63,825
6.2	Payments to suppliers and employees	(39,757)	(48,056)
6.3	Interest received	41	123
6.4	Interest paid	(1,743)	(1,697)
6.5	Income taxes paid	24	(1,524)
6.6	**Net operating cash flows**	**3,795**	**12,671**
	Cash flows from investing activities		
6.7	Make good payments	(82)	-
6.8	Purchases of plant and equipment	(112)	(321)
6.9	Purchase of intangible assets	(239)	(176)
	Net investing cash flows	**(433)**	**(497)**
	Cash flows from financing activities		
6.10	Dividends paid	(2,564)	(4,915)
6.11	Lease payments	(5,331)	(5,351)
6.12	**Net financing cash flows**	**(7,895)**	**(10,266)**
6.13	**Net increase in cash held**	**(4,533)**	**1,908**
6.14	Net cash at beginning of period	16,904	14,996
6.15	**Net cash at end of period**	**12,371**	**16,904**

6.16 **Non-cash financing and investing activities**

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

- None

6.17 **Reconciliation of cash**

		Reporting Period	Previous Period Restated
	Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
	Cash (*See item 5.1*)	12,371	16,904
	Bank overdraft	-	-
6.18	Net cash on hand and at bank (*See item 6.15*)	12,371	16,904

7. Statement of retained earnings

$'000

		Reporting Period	Previous Period Restated
7.1	Retained profits (accumulated losses) at the beginning of the financial period original	(9,382)	(8,220)
7.2	Net (loss) /profit attributable to members *(See item 4.11)*	(1,241)	3,604
7.3	Dividend paid	(2,380)	(4,766)
7.4	Retained profits (accumulated losses) at end of financial period	(13,003)	(9,382)

8. Dividends

A fully franked dividend of 1.365 cents per share ($1,742,000) was paid on 25 September 2020.

A fully franked dividend of 0.5 cents per share ($638,000) was paid on 26 March 2021.

There is no further dividend for the year.

9. Dividend reinvestment plans

No dividend reinvestment plans were in operation during the reporting period or the previous corresponding period.

10. Net tangible Assets

	Reporting Period	Previous Period Restated
Net tangible asset backing per ordinary share is based on 127,614,467 shares at both reporting dates.	(2.4) cents	0.4 cents

11. Associates and joint venture entities

No member of the Group held an interest in, or participated in the results of, a joint venture.

12. Foreign entities

The Group owns 100% of ACA Investment Holdings Pte. Limited which owns 100% of Centre for Australian Education Pte. Limited and 100% of Academies Australasia College Pte. Limited. All these entities are incorporated in Singapore.

13. Commentary on results

13.1 **Earnings per security (EPS)**

	Reporting Period	Previous Period Restated
Basic EPS	(0.97) cents	2.82 cents
Weighted average number of ordinary shares used in calculation of basic EPS.	127,614,467	127,614,467

The earnings amount used was a loss of $1,241,000 (2020 restated profit: $3,604,000), on ordinary activities after tax attributable to members of the parent entity (S*ee item 4.11)*.

13.2 Returns to shareholders.

Fully franked dividends of 1.365 cents and 0.5 cents were paid in September 2020 and March 2021 respectively *(See item 8).*

13.3 Significant features of operating performance.
Please see items 3.1 to 3.4.

13.4 The Company has only one operating segment: Education.

13.5 Ratios.

	Reporting Period	Previous Period Restated
(Loss) / profit before tax / revenue Consolidated profit from ordinary activities before tax *(See item 4.4)* as a percentage of revenue *(See item 4.1)*	(0.34) %	8.19 %
(Loss) / profit after tax / equity interests Consolidated net profit from ordinary activities after tax attributable to members of the parent entity *(See item 4.11*) as a percentage of equity at the end of the period *(See item 5.26*)	(4.18) %	10.81 %

14. This report is based on accounts which are in the process of being audited.

15. These accounts are not likely to be subject to dispute or qualification. The independent audit report is likely to contain an Emphasis of Matter paragraph in relation to going concern arising from the adverse impact of the COVID-19 pandemic.

Stephanie Noble
Group Finance Manager

26 August 2021